

54-3040

VILLAGE OF STANWOOD

MECOSTA COUNTY, MICHIGAN

AUDIT REPORT

MARCH 31, 2004



# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

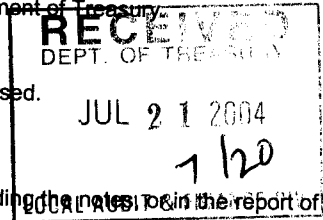
Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>VILLAGE OF STANWOOD</b>	County <b>MECOSTA</b>
Audit Date <b>MARCH 31, 2004</b>	Opinion Date <b>JUNE 17, 2004</b>	Date Accountant Report Submitted to State: <b>JULY 16, 2004</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) <b>TERRY KIRKPATRICK, CPA, P.C.</b>			
Street Address <b>211 MAPLE STREET</b>		City <b>BIG RAPIDS</b>	State <b>MI</b>
Accountant Signature <i>Terry D Kirkpatrick, CPA</i>		ZIP <b>49307</b>	Date <b>7-12-04</b>

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**TERRY KIRKPATRICK, CPA, P.C.**  
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**Independent Auditor's Report**

June 17, 2004

To the Village Council of the Village of Stanwood,  
Mecosta County, Michigan:

We have audited the general purpose financial statements of the Village of Stanwood, Mecosta County, Michigan as of and for the year ended March 31, 2004 as listed on the contents page. These general purpose financial statements are the responsibility of management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The scope of our audit did not include verification of retained earnings or fund balances at April 1, 2003.

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to determine the validity of beginning fund balances and retained earnings, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Stanwood, Mecosta County, Michigan, as of March 31, 2004, the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary financial data as listed on the contents page, is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the Village of Stanwood, Mecosta County, Michigan. This additional information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

*Terry Kirkpatrick, CPA, P.C.*

Village of Stanwood -- Mecosta County, Michigan  
Combined Balance Sheet -- All Fund Types and Account Groups  
March 31, 2004

	<u>Governmental Fund Types</u>			<u>Proprietary Fund Type</u>		<u>Account Groups</u>		<u>Totals</u> (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Internal Service</u>	<u>Fixed Assets</u>	<u>General</u>		
ASSETS								
Cash in Bank	\$ 73,474	\$ 11,280	\$ 0	\$ 5,460	\$ 0	\$ 0	\$ 0	\$ 90,214
Delinquent Personal Tax	11	0	0	0	0	0	0	11
Land and Improvements	0	0	0	0	25,196	25,196	25,196	25,196
Buildings	0	0	0	0	54,006	54,006	54,006	54,006
Machinery and Equipment	0	0	0	39,825	4,957	4,957	4,957	44,782
Total assets	\$ 73,485	\$ 11,280	\$ 0	\$ 45,285	\$ 84,159	\$ 84,159	\$ 214,209	
LIABILITIES AND FUND EQUITY								
Investment in General Fixed Assets	\$ 0	\$ 0	\$ 0	\$ 0	\$ 84,159	\$ 84,159	\$ 84,159	\$ 84,159
Fund Balance	73,485	11,280	0	0	0	0	0	84,765
Retained Earnings	0	0	0	45,285	0	0	0	45,285
Total liabilities and fund equity	\$ 73,485	\$ 11,280	\$ 0	\$ 45,285	\$ 84,159	\$ 84,159	\$ 214,209	

The "Notes to Financial Statements" are an integral part of these statements.

# Village of Stanwood – Mecosta County, Michigan

Combined Statement of Revenues, Expenditures and Changes in Fund Balance – All Governmental Fund Types  
For the Year Ended March 31, 2004

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
<b>REVENUES</b>				
Taxes	\$ 22,948	\$ 0	\$ 0	\$ 22,948
Licenses and Permits	804	0	0	804
State Grants	22,020	20,672	0	42,692
Interest and Rents	991	0	0	991
Other Revenues	590	0	0	590
Total revenues	47,353	20,672	0	68,025
<b>EXPENDITURES</b>				
Legislative	7,046	0	0	7,046
General Government	12,058	0	0	12,058
Public Safety	675	0	0	675
Public Works	6,547	19,499	0	26,046
Recreation and Cultural	6,166	0	0	6,166
Debt Service	0	0	3,087	3,087
Total expenditures	32,492	19,499	3,087	55,078
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	14,861	1,173	(3,087)	12,947
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	0	2,500	3,087	5,587
Operating Transfers Out	(6,500)	(3,087)	0	(9,587)
Total other financing sources (uses)	(6,500)	(587)	3,087	(4,000)
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	8,361	586	0	8,947
FUND BALANCE - April 1, 2003	65,124	10,694	0	75,818
FUND BALANCE - March 31, 2004	\$ 73,485	\$ 11,280	\$ 0	\$ 84,765

The "Notes to Financial Statements" are an integral part of these statements.

# Village of Stanwood – Mecosta County, Michigan

Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – All Annually Budgeted Governmental Fund Types  
For the Year Ended March 31, 2004

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Taxes	\$ 21,500	\$ 22,948	\$ 1,448	\$ 0	\$ 0	\$ 0
Licenses and Permits	0	804	804	0	0	0
State Grants	26,980	22,020	(4,960)	19,050	20,672	1,622
Interest and Rents	0	991	991	0	0	0
Other Revenues	0	590	590	0	0	0
Total revenues	48,480	47,353	(1,127)	19,050	20,672	1,622
<b>EXPENDITURES</b>						
Legislative	11,625	7,046	4,579	0	0	0
General Government	11,372	12,058	(686)	0	0	0
Public Safety	680	675	5	0	0	0
Public Works	5,530	6,547	(1,017)	19,442	19,499	(57)
Recreation and Cultural	10,800	6,166	4,634	0	0	0
Total expenditures	40,007	32,492	7,515	19,442	19,499	(57)
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	8,473	14,861	6,388	(392)	1,173	1,565
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating Transfers In	0	0	0	2,500	2,500	0
Operating Transfers Out	(4,500)	(6,500)	(2,000)	(5,587)	(3,087)	2,500
Total other financing sources (uses)	(4,500)	(6,500)	(2,000)	(3,087)	(587)	2,500
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	3,973	8,361	4,388	(3,479)	586	4,065
<b>FUND BALANCE - April 1, 2003</b>	65,124	65,124	0	10,694	10,694	0
<b>FUND BALANCE - March 31, 2004</b>	\$ 69,097	\$ 73,485	\$ 4,388	\$ 7,215	\$ 11,280	\$ 4,065

The "Notes to Financial Statements" are an integral part of these statements.



Village of Stanwood – Mecosta County, Michigan  
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings –  
All Proprietary Fund Types  
For the Year Ended March 31, 2004

	Revolving Equipment <u>Fund</u>
REVENUES	
Charges for Services	
Equipment rental	\$ 8,303
EXPENSES	
Operating Expenses	
Salaries and wages	2,837
Operating supplies	1,545
Repairs and maintenance	156
Total operating expenses	<u>4,538</u>
OPERATING INCOME (LOSS)	3,765
Non-Operating Revenue (Expense)	
Interest earned	3
Sale of assets	782
Transfer from general fund	4,000
Total non-operating revenue (expense)	<u>4,785</u>
NET INCOME (LOSS)	8,550
RETAINED EARNINGS - April 1, 2003	36,735
RETAINED EARNINGS - March 31, 2004	<u>\$ 45,285</u>

The "Notes to Financial Statements" are an integral part of these statements.

Village of Stanwood – Mecosta County, Michigan

Combined Statement of Cash Flows

All Proprietary Fund Types

For the Year Ended March 31, 2004

	Revolving Equipment <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income	\$ 8,550
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	<u>(7,199)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	1,351
CASH AND CASH EQUIVALENTS - April 1, 2003	<u>4,109</u>
CASH AND CASH EQUIVALENTS - March 31, 2004	<u>\$ 5,460</u>

The "Notes to Financial Statements" are an integral part of these statements.

*NOTES TO FINANCIAL STATEMENTS*

# Village of Stanwood – Mecosta County, Michigan

## Notes to Financial Statements

For the Year Ended March 31, 2004

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### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Village of Stanwood. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

#### Basis of Presentation

The accounts of the Village of Stanwood are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded in those funds.

The financial activities of the Village of Stanwood are recorded in separate funds and account groups, categorized as follows:

#### GOVERNMENTAL FUNDS

##### General Fund

This fund is used to account for all financial resources except those provided for in another fund. Revenues are primarily derived from property taxes, State and Federal aid, and charges for services to provide for the administration and operation of: (1) general local unit governmental departments, boards and commissions; (2) court systems; (3) law enforcement; and (4) health, welfare and medical assistance. The fund includes the general operating expenditures of the local unit.

##### Special Revenue Funds

These funds are used to account for specific revenue (other than expendable trusts or major capital projects) derived from State and Federal grants, General Fund appropriations and charges for services which are to be expended for specific purposes as dictated by legal, regulatory or administrative requirements.

##### Debt Service Funds

These funds are used to record revenues which are restricted for the payment of principal and interest on debt recorded in the General Long-Term Debt Account Group.

#### PROPRIETARY FUNDS

##### Internal Service Funds

These funds account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units on a cost-reimbursement basis or for the purchase of delinquent real property taxes from local units of government.

Village of Stanwood – Mecosta County, Michigan

Notes to Financial Statements - Continued

For the Year Ended March 31, 2004

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NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ACCOUNT GROUPS

General Fixed Assets Accounts Group

This Account Group presents the fixed assets of the local unit utilized in its general operations (nonproprietary fixed assets). Fixed assets used in the general operations of the Village are recorded as expenditures when purchased and are accounted for in the General Fixed Assets Account Group. No depreciation is recorded for these general fixed assets. Infrastructure assets, including roads, bridges, sanitary sewers, drains, curbs, and gutters are not capitalized.

General Long-Term Debt Account Group

This Account Group presents the balance of general obligation long-term debt which is not recorded in proprietary or trust funds.

Cash, Cash Equivalents, and Investments

For the purpose of the statement of cash flows, demand deposits and short-term investments with a maturity date of three months or less when acquired are considered to be cash equivalents.

Investments are stated at amortized cost, except for deferred compensation plan investments, which are stated at market. Pooled investment income is generally allocated to the various funds according to the share each has of the total investment on a monthly basis.

Basis of Accounting

The accrual basis of accounting is used by the Proprietary Funds, Pension Trust Funds, and Nonexpendable Trust Funds. The modified-accrual basis of accounting is used by all Governmental Funds, Agency Funds and Expendable Trust Funds. Revenue and other sources are recognized in the accounting period in which they become susceptible to accrual—that is when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized when the related liability is incurred. Modifications from the accrual basis are as follows:

- a. Property tax revenue should be recognized in accordance with MCGAA Statement 3:

Properties are assessed and lienied as of December 31 and their related property taxes are billed July 1 of the following year. These taxes are due on August 31 with the final collection date of February 28 before they are added to the county delinquent tax rolls.

- b. Interest income on special assessments receivable is not accrued until its due date.
- c. Interest expense on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
- d. Payments for inventorable types of supplies are recorded as expenditures at the time of purchase.
- e. Normally, expenditures are not divided between years by the recording of prepaid expenses.

# Village of Stanwood – Mecosta County, Michigan

## Notes to Financial Statements - Continued

For the Year Ended March 31, 2004

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

#### Budgetary Data

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At the Council meeting in March, the President submits to the Village Council a proposed operating budget for the fiscal year commencing the following April 1st. The operating budget includes proposed expenditures and the means of financing them for the General and Special Revenue Funds.
2. Public hearings are conducted at the Village Hall to obtain taxpayer comments.
3. Prior to March 31, the budget is legally enacted on a departmental (activity) basis through passage of a resolution.
4. Budget appropriations lapse at year-end except for approved contracts and certain federal grants, which are appropriated on a contract (grant) or entitlement-length basis.

#### Current Taxes

The Village of Stanwood property tax is levied on each July 1<sup>st</sup> on the taxable valuation of property located in the Village of Stanwood as of the preceding December 31<sup>st</sup>.

The 2003 taxable valuation of the Village of Stanwood total \$2,320,000 on which ad valorem taxes levied consisted of 9.8924 mills for the Village of Stanwood operating purposes. These amounts are recognized in the General Fund financial statements as current taxes.

#### Total Column on Combined Statements – Overview

The total column on the Combined Statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation because interfund eliminations have not been made in the aggregation of this data.

### NOTE B – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS

#### Assets and Liabilities

##### 1. Changes in General Fixed Assets

	Balance 4/1/2003	Additions	Deductions	Balance 3/31/2004
Land and improvements	\$ 25,196	\$ 0	\$ 0	\$ 25,196
Buildings	54,006	0	0	54,006
Machinery and equipment	4,957	0	0	4,957
	<u>\$ 84,159</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 84,159</u>

# Village of Stanwood – Mecosta County, Michigan

Notes to Financial Statements - Continued

For the Year Ended March 31, 2004

## NOTE C – BALANCE SHEET – CASH AND INVESTMENTS

Deposits are carried at cost. Deposits are in one financial institution in the name of the Village of Stanwood. Michigan Compiled Laws, Section 129.91, authorizes the Village of Stanwood to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations. Investments can also be made in bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States, which are guaranteed as to principal and interest by the United States, including securities issued by the Government National Mortgage Association; United States government or Federal agency banks; commercial paper rated within the two highest classifications by not less than two standard rating services which mature not more than 270 days after the date of purchase. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan unless the out-of-state bank has a branch located in Michigan. The Village of Stanwood deposits are in accordance with statutory authority.

The Governmental Accounting Standards Board (GASB) Statements No. 3 risk disclosure for deposits at year-end are as follows:

	<u>Bank Balance</u>	<u>Primary</u>
<u>Deposits</u>		<u>Government</u>
Insured (FDIC)	\$	93,748
Uninsured		0
Total deposits	\$	<u>93,748</u>

At year-end, the balance sheet carrying amount of deposits was \$90,214.

## NOTE D – RISK FINANCING

The Village of Stanwood is exposed to various risks of loss related to theft of, damage to and destruction of assets; errors and omissions; injuries to employees; liability; and natural disasters. These risks are covered by insurance purchased from independent parties. Settled claims from these risks have not exceeded insurance coverage for the past two years.

Village of Stanwood – Mecosta County, Michigan

General Fund

Balance Sheet

March 31, 2004

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ASSETS

Cash in Bank	\$	73,474
Delinquent Personal Tax		<u>11</u>
Total assets	\$	<u><u>73,485</u></u>

LIABILITIES AND FUND EQUITY

Fund Balance	\$	<u><u>73,485</u></u>
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# Village of Stanwood – Mecosta County, Michigan

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes			
Current property taxes	\$ 21,500	\$ 22,948	\$ 1,448
Licenses and Permits			
Cable TV franchise fees	0	804	804
State Grants			
State shared revenue	26,300	21,333	(4,967)
Liquor law enforcement	680	687	7
Total state grants	26,980	22,020	(4,960)
Interest and Rents			
Interest on investments	0	991	991
Other Revenues			
Other	0	590	590
Total revenues	48,480	47,353	(1,127)
EXPENDITURES			
Legislative			
Village council	11,625	7,046	4,579
General Government			
Elections	950	1,074	(124)
Clerk	1,945	2,436	(491)
Treasurer	1,177	1,574	(397)
Village property	7,300	6,974	326
Total general government	11,372	12,058	(686)
Public Safety			
Liquor law enforcement	680	675	5
Public Works			
Highways and streets	2,900	3,725	(825)
Street lights	2,630	2,822	(192)
Total public works	5,530	6,547	(1,017)

Village of Stanwood – Mecosta County, Michigan

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Continued

For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Recreation and Cultural Parks	10,800	6,166	4,634
Total expenditures	40,007	32,492	7,515
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,473	14,861	6,388
OTHER FINANCING SOURCES (USES)			
Operating Transfers Out	(4,500)	(6,500)	(2,000)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	3,973	8,361	4,388
FUND BALANCE - April 1, 2003	65,124	65,124	0
FUND BALANCE - March 31, 2004	\$ 69,097	\$ 73,485	\$ 4,388

Village of Stanwood – Mecosta County, Michigan  
Special Revenue Funds  
Combining Balance Sheet  
March 31, 2004

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	<u>Major Street</u>	<u>Local Street</u>	<u>Totals</u>
ASSETS			
Cash in Bank	\$ 9,173	\$ 2,107	\$ 11,280
LIABILITIES AND FUND EQUITY			
Fund Balance	\$ 9,173	\$ 2,107	\$ 11,280

Village of Stanwood – Mecosta County, Michigan

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended March 31, 2004

	<u>Major Streets</u>	<u>Local Streets</u>	<u>Totals</u>
REVENUES			
State Grants	\$ 13,794	\$ 6,878	\$ 20,672
EXPENDITURES			
Public Works	10,968	8,531	19,499
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,826	(1,653)	1,173
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	0	2,500	2,500
Operating Transfers Out	(2,809)	(278)	(3,087)
Total other financing sources (uses)	(2,809)	2,222	(587)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	17	569	586
FUND BALANCE - April 1, 2003	9,156	1,538	10,694
FUND BALANCE - March 31, 2004	\$ 9,173	\$ 2,107	\$ 11,280

Village of Stanwood – Mecosta County, Michigan

Major Street Fund

Balance Sheet

March 31, 2004

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ASSETS

Cash in Bank

\$ 9,173

LIABILITIES AND FUND EQUITY

Fund Balance

\$ 9,173

Village of Stanwood – Mecosta County, Michigan

Major Street Fund

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
State Grants			
State shared revenue	\$ 12,750	\$ 13,794	\$ 1,044
EXPENDITURES			
Public Works			
Highways, streets and bridges			
Routine maintenance			
Salaries and wages	2,350	2,085	265
Operating supplies	1,300	1,342	(42)
Equipment rental	2,300	2,154	146
Total routine maintenance	5,950	5,581	369
Winter maintenance			
Salaries and wages	2,350	2,714	(364)
Operating supplies	100	100	0
Equipment rental	2,500	2,504	(4)
Total winter maintenance	4,950	5,318	(368)
Traffic services			
Utilities	72	69	3
Total expenditures	10,972	10,968	4
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,778	2,826	1,048
OTHER FINANCING SOURCES (USES)			
Operating Transfers Out	(2,500)	(2,809)	(309)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(722)	17	739
FUND BALANCE - April 1, 2003	9,156	9,156	0
FUND BALANCE - March 31, 2004	\$ 8,434	\$ 9,173	\$ 739

Village of Stanwood – Mecosta County, Michigan

Local Street Fund

Balance Sheet

March 31, 2004

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ASSETS

Cash in Bank	\$ 2,107
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LIABILITIES AND FUND EQUITY

Fund Balance	\$ 2,107
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Village of Stanwood – Mecosta County, Michigan

Local Street Fund

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
For the Year Ended March 31, 2004

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
State Grants			
State shared revenue	\$ 6,300	\$ 6,878	\$ 578
EXPENDITURES			
Public Works			
Highways, streets and bridges			
Routine maintenance			
Salaries and wages	1,100	1,394	(294)
Operating supplies	400	873	(473)
Equipment rental	1,500	1,053	447
Total routine maintenance	3,000	3,320	(320)
Winter maintenance			
Salaries and wages	2,200	2,474	(274)
Operating supplies	200	76	124
Equipment rental	3,000	2,592	408
Total winter maintenance	5,400	5,142	258
Traffic services			
Utilities	70	69	1
Total expenditures	8,470	8,531	(61)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,170)	(1,653)	517
OTHER FINANCING SOURCES (USES)			
Operating Transfers In - Major Street	2,500	2,500	0
Operating Transfers Out - Debt Retirement	(3,087)	(278)	2,809
Total other financing sources (uses)	(587)	2,222	2,809
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,757)	569	3,326
FUND BALANCE - April 1, 2003	1,538	1,538	0
FUND BALANCE - March 31, 2004	\$ (1,219)	\$ 2,107	\$ 3,326



Village of Stanwood – Mecosta County, Michigan  
Debt Service Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended March 31, 2004

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	<u>Actual</u>
EXPENDITURES	
Debt Service	
Principal payments	\$ 3,000
Interest payments	87
Total expenditures	<u>3,087</u>
OTHER FINANCING SOURCES (USES)	
Operating Transfers In	<u>3,087</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	0
FUND BALANCE - April 1, 2003	0
FUND BALANCE - March 31, 2004	<u>\$ 0</u>

Village of Stanwood – Mecosta County, Michigan  
Revolving Equipment Fund  
Balance Sheet  
March 31, 2004

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ASSETS

Cash in Bank	\$ 5,460
Machinery and Equipment	<u>39,825</u>
Total assets	<u>\$ 45,285</u>

LIABILITIES AND FUND EQUITY

Retained Earnings	<u>\$ 45,285</u>
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*SUPPLEMENTARY FINANCIAL DATA*

Village of Stanwood – Mecosta County, Michigan

General Fund

Detail Schedule of Actual Expenditures

For the Year Ended March 31, 2004

LEGISLATIVE

Village Council

Salaries	\$	1,875
Unit's share of social security/medicare		1,837
Unemployment taxes		14
Office supplies		68
Printing and publishing		87
Heat		2,137
Electric		542
Trash collection		486
Total legislative	\$	<u>7,046</u>

GENERAL GOVERNMENT

Elections

Salaries and wages	\$	428
Operating supplies		646
Total elections		<u>1074</u>

Clerk

Salaries		2,310
Office supplies		126
Total clerk		<u>2,436</u>

Treasurer

Salaries		1,452
Office supplies		59
Printing and publishing		63
Total treasurer		<u>1,574</u>

Village Property

Insurance		6,974
Total general government	\$	<u>12,058</u>

PUBLIC SAFETY

Liquor Law Enforcement

Salaries and wages	\$	<u>675</u>
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Village of Stanwood – Mecosta County, Michigan  
General Fund  
Detail Schedule of Actual Expenditures – Continued  
For the Year Ended March 31, 2004

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PUBLIC WORKS

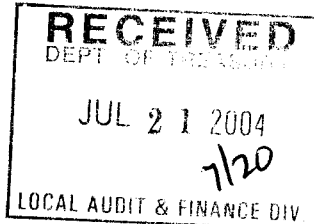
Highways and Streets	
Salaries	\$ 3,000
Repair and maintenance	725
Total highways and streets	<u>3,725</u>
Street Lights	
Utilities	2,822
Total public works	<u>\$ 6,547</u>

RECREATION AND CULTURAL

Parks	
Wages	\$ 3,556
Repair and maintenance	2,405
Utilities	205
Total recreation and cultural	<u>\$ 6,166</u>

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June 17, 2004

Members of the Village Council  
Village of Stanwood  
Mecosta County, MI

We recently completed our audit of the general purpose financial statements of the Village of Stanwood for the year ended March 31, 2004. During our audit, we had an opportunity to test internal controls and to observe the accounting and financial procedures and many of the general management practices of the Village. Based upon these tests and observations, there are several matters that we specifically want to call to your attention.

**STREET FUNDS NEED OWN BANK ACCOUNT**

The Major and Local Street Fund should be separated from the General Fund bank account. Major and Local Street monies may be in one bank account together, but not included in with other funds. The Village Treasurer should open a new bank account that will handle the receipts and disbursements of the Major and Local Street Funds. These two funds may each have its own bank account or the two may be included together in one account.

**OTHER MATTERS**

We have enjoyed working with your staff. Their competence and assistance were instrumental in our timely completion of the audit.

Three copies of the audit report, the auditing procedures report, and this letter should be mailed to the Michigan Department of Treasury, Local Audit Division. A pre-addressed envelope is being provided for your convenience.

If you have any questions regarding this letter or the audit, please do not hesitate to contact us.

*Terry Kirkpatrick, CPA, P.C.*